



**PEABODY ENERGY**

701 Market Street  
St. Louis, Missouri 63101-1826  
314.342.7540  
Fax 314.342.7907

RICK A. BOWEN  
President  
Generation & Btu Conversion

July 3, 2007

The Honorable Ernie Fletcher  
Governor  
Commonwealth of Kentucky  
700 Capital Avenue, Suite 100  
Frankfort, KY 40601

Dear Governor Fletcher:

We are excited to hear about the potential for a special session with the legislature along with the prospects of specific legislation to provide incentives to developers of SNG projects. We look forward to the successful outcome of your session and potential benefits it will bring to the state in the form of jobs along with significant investment. As you know, we and the other members of our prospective consortium are in the final stages of determining in which state we will begin the in depth evaluation or feasibility analysis for a large **SNG** facility. That decision will be made this summer, not next year as some in the press have indicated. The key elements included in the legislation currently under consideration will have a significant impact on your state's eligibility in our consortiums decision. Should the legislation which survives the Special Session process meet the key elements needed for our project, it is very likely Peabody will recommend that we proceed to the next phase in Kentucky.

While there is no guarantee our venture will select Kentucky, or that the feasibility work will ultimately conclude with a positive outcome, the matters incorporated in the current legislation are extremely important to the initial decision on which state to begin the location process. In addition, regardless of our project decision, the proposed legislation is good for the future of Kentucky and will go a long way to demonstrate that Kentucky is a great place to locate this type of business.

Sincerely,